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SUBJECT: FY 2003 TRANSPARENCY AND ACCOUNTABILITY  
SURVEY - MALDIVES

REF: STATE 100283

1. Post response for Maldives to reftel survey request follows:

a. Does host government publish national budget in a timely manner?

- 1 - Does not publish, or publishes with significant delay (three years or more)
- 2 - Yes, with some delay (one year or more)
- 3 - Yes, with minimum delay (under one year)

ANSWER: 2 - YES, WITH SOME DELAY (ONE YEAR OR MORE)

b. Where subnational levels of government are significant, are their combined fiscal position published?

Yes/No.

ANSWER: NOT APPLICABLE (NO SUBNATIONAL LEVELS OF GOVERNMENT)

c. In what form is national budget published? Government publication or newspaper? Private media? Internet? Other? Please indicate.

ANSWER: GOVERNMENT PUBLICATION.

d. Please rate the quality and comprehensiveness of fiscal data published.

- 1 - No adequate system of budget reporting and monitoring and no adequate classification system. There are significant payments arrears, and actual expenditures often deviate significantly from amounts budgeted
- 2 - Limited system of budget reporting and monitoring with limited classification system. Some payments arrears and deviations between actual expenditures and amounts budgeted
- 3 - Excellent system of budget reporting, monitoring and a consistent classification system. No payments arrears and actual expenditures equal amounts budgeted

ANSWER: 1 - No adequate system of budget reporting and monitoring and no adequate classification system. There are significant payments arrears, and actual expenditures often deviate significantly from amounts budgeted

e. List up to 5 key laws and/or regulations governing public disclosure of revenues and expenditures in the national budget, if applicable and such laws exist.

ANSWER:

- 1. Constitution of the Republic of Maldives, 1997
- 2. Financial Regulations.

f. Assess adequacy of those laws and regulations establishing fiscal transparency and accountability requirements.

- 1 - Wholly inadequate
- 2 - Some recognition and legal foundation, if spotty
- 3 - Detailed/comprehensive

ANSWER: 1. Wholly inadequate

g. Assess extent to which laws and regulations on fiscal transparency and accountability are implemented and enforced.

- 1 - Not enforced
- 2 - Sporadically/unevenly enforced
- 3 - Fully enforced

ANSWER: 2 - Sporadically/unevenly enforced

h. How would distribution of tax powers and expenditure responsibilities of central government be described?

- 1 - Unclear
- 2 - Currently being clarified
- 3 - Clear and supported by open and stable intergovernmental transfer mechanisms

ANSWER: not applicable. The Government structure is based on a unitary central government.

i. Does a national audit body or equivalent organization, independent of the executive, provide reports for the legislature and the public on the financial integrity of government accounts?

Yes/No

ANSWER: NO. NATIONAL AUDIT BODY IS APPOINTED BY THE EXECUTIVE (PRESIDENT) AND REPORTS TO THE PRESIDENT AND IS OBLIGED TO ACT ON THE ADVICE OF THE PRESIDENT.

j. How would the link between non-financial public/state-owned (e.g. extractive industries) enterprises and general government be described?

- 1 - Poor with semi-independent spending/procurement authority of non-financial public enterprises
- 2 - Limited independence of spending/procurement
- 3 - Clear control under central government budget process

ANSWER: 2 - Limited independence of spending/procurement

k. Are privatization processes transparent and published?

- 1 - No or limited
- 2 - Moderately transparent
- 3 - Fully transparent and comprehensively reported

ANSWER: MODERATELY TRANSPARENT

l. How would the reliability of budget revenue and expenditure estimates best be described?

- 1 - Unreliable
- 2 - Moderately reliable
- 3 - Very reliable

ANSWER: MODERATELY RELIABLE

m. Please provide a short evaluative narrative of host government commitment to fiscal transparency and accountability (not to exceed two or three paragraphs).

Maldives government is praised for good economic management and generally prudent macroeconomic management. Nonetheless weaknesses in budget process have been identified. The existing budget process and public accounting system was introduced more than three decades ago and is subject to a number of constraints. The budget papers are usually prepared in December of each year for submission to the Parliament and comprise the past year's performance, current years status and proposed future budget proposals. The financial legislative framework is not comprehensive. Under the current legislative framework, no annual financial statements regarding the government's financial position and status are reported to the parliament and no audited financial statements are prepared. The annual accounts and information are included in the budget papers. In fact, no policies identify the ownership and responsibility for the accounting function, and provide for a data entry system. Only a limited accounting reporting structure exists. Not all transactions are reflected. The accounting system used in atolls is highly inefficient, leading to excessive holdings and movements of cash.

Maldives Constitution gives broad powers to the executive branch in performing most of the core functions relating to public expenditure and budget management, planning, execution, monitoring and evaluation. The power of budget approval rests with the legislature. Currently, the President is also the Finance Minister.

The Auditor General is appointed by the President and reports to the President. The Constitution provides for certain accounting functions of the State to be performed by the Auditor General. However, the

Auditor General is obliged to act on the advice of the President in this regard. Accordingly, ultimate power and authority for determining the manner and form of public accounting system, under the constitution, rests with the President.

Three key bills including a new public finance act, amendments to the audit act and the public enterprise act have been drafted to define the legal framework for an improved budget process.

n. Please list U.S. government-sponsored programs and activities that promote accurate disclosure of revenues and expenditures in the national budgets of your host country. Please also summarize the results of those programs and activities (not to exceed two or three paragraphs).

There are no US Government sponsored programs. ADB and the World Bank are trying to promote budget practices and improve financial reporting, transparency and accounting. ADB has approved a project for strengthening Public Accounting Systems. WB has provided training assistance in Public Expenditure Management.

End Questionnaire.

WILLS